

June 29, 2001

ORGANIZATION: Nuclear Energy Institute (NEI)

SUBJECT: SUMMARY OF MEETING WITH THE NUCLEAR ENERGY INSTITUTE (NEI) TO DISCUSS INSPECTIONS, TESTS, ANALYSES, AND ACCEPTANCE CRITERIA (ITAAC)

On June 15, 2001, representatives of NEI met with the Nuclear Regulatory Commission (NRC) to discuss upcoming efforts planned by the nuclear industry related to ITAAC. Enclosure 1 is the meeting agenda; Enclosure 2 is a listing of the meeting attendees; and Enclosure 3 is a copy of the handouts provided by NEI and the NRC.

The purpose of the meeting was to resume efforts toward a common understanding of goals, principles and guidance for an effective and efficient construction inspection program (including ITAAC verification) and to prioritize topics for future discussion. NEI stated that it intended to provide the staff with a white paper discussing various issues related to ITAAC and the construction inspection program in the Fall of 2001. During the meeting, NEI and the staff discussed options for how the NRC would verify that ITAAC have been met, the use of risk information in the inspection process, and issues associated with the compressed construction schedules proposed for some advanced designs. NEI stated that it would like to continue to meet with the staff on this subject and proposed a meeting in July. The staff stated that it would consider the July date and let NEI know when it could support another meeting.

ITAAC Verification

In an April 3, 2001, letter, NEI provided comments on the 10 CFR Part 52 rulemaking. One of NEI's comments concerned ITAAC verification and NEI proposed a revision to 10 CFR 52.99 (Inspection During Construction). The staff asked NEI if it envisioned that the NRC would provide an independent finding for every ITAAC or for a sample of the ITAACs. NEI stated that it envisioned that the NRC would verify every ITAAC and that this verification would be primarily an audit function. NEI stated that a partial verification of ITAAC in stages may make sense. The staff expressed a concern regarding NEI's proposed 10 CFR 52.99 language and the NRC verification of ITAAC. The staff stated that under the current rule the burden for ITAAC verification lies with the licensee but under NEI's proposed 10 CFR 52.99 some of the burden shifts to the staff. The staff was also concerned about the standing of any NRC verification under NEI's proposed 10 CFR 52.99(d) if new information is brought to light after the verification has been performed. For example, the staff wondered what would happen if an allegation is received after an ITAAC has been verified that if proven would cause the NRC to rescind its ITAAC verification. A representative from the Office of the General Counsel (OGC) reiterated its earlier request that NEI explain their views on what should be noticed under Section 52.99, the significance of the information in the notice relative to the Section 52.103(g) finding, and the process for verification of ITAAC for "modular" plants. NEI stated that it would provide its opinion regarding ITAAC verification and NRC verification of ITAAC in its white paper that it intends to submit to the staff in the Fall of 2001.

Use of Risk in the Inspection Process

NEI stated that applying risk insights in the construction inspection program will further enhance the focus of the program based on safety significance. There was much discussion of the use of risk insights in the construction inspection program. Highlights of this discussion include the following:

- The inspection program branch (IIPB) proposed developing a common risk model that could be shared by the staff and the licensee for the development of the construction inspection program. The IIPB staff believed that such a risk model would be of benefit during the operations phase of the plant in the significance determination process.
- The OGC representative cautioned that the use of risk models to develop the construction inspection program could be a basis for extended litigation.
- The staff stated that Attachment 2 to SECY-00-0162, "Addressing PRA Quality in Risk-Informed Activities," provided guidance relative to the use of risk insights in decision making. The staff stated that this guidance may be applicable to the construction inspection program.

NEI stated that it would like to be involved in helping the staff determine how best to use risk insights in the construction inspection program.

Issues associated with Compressed Construction Schedules

In a May 25, 2001, letter, Exelon proposes a 20 month construction schedule for the pebble-bed modular reactor (PBMR). 10 CFR 52.103 requires that not less than 180 days before initial loading of fuel the Commission publish in the *Federal Register* a notice of intended operation to allow an opportunity for a hearing. The 180 day requirement is approximately one-third of the proposed construction schedule for the PBMR and some of the ITAAC will likely not be completed at the time of the *Federal Register* notice. NEI and the staff discussed possible options to address this case. NEI stated that it would make a proposal on how ITAAC will be addressed late in the construction process in their white paper that they intend to submit to the NRC in the Fall of 2001. The OGC representative expressed concern that the industry proposal represents a change from the Commission's concept of the process for authorizing operation under 52.103, and cautioned that the industry proposal could significantly complicate the hearing process in connection with the authorization to operate.

/RA/

Joseph M. Sebrosky, Project Manager
Future Licensing Organization
Office of Nuclear Reactor Regulation

Project No. 689

Enclosures: As stated (3)

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ACCESSION NUMBER: Enclosures: ML011690070

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**Meeting With Nuclear Energy Institute
to Discuss ITAAC
June 15, 2001**

Agenda

<u>Topic</u>	<u>Presenter</u>	<u>Time</u>
I. Opening Remarks	NEI/NRC	9:00-9:10 am
II NEI's view of ITAAC	NEI	9:10-10:30 am
a. Background		
b. Key Concepts		
c. ITAAC verification process		
d. Timing of ITAAC findings		
e. Safety focus		
f. Non-ITAAC findings		
III. Current activities related to the Construction Inspection Program	NRC	10:30 - 11:00 am
IV Public Interaction	All	11:00 - 11:15 am
I. Closing Remarks	NEI/NRC	11:15 - 11:30 am

Meeting Attendees
Meeting with NEI on ITAAC
June 15, 2001

<u>Name</u>	<u>Affiliation</u>
Rich Barrett	NRC/NRR/FLO
Jerry Wilson	NRC/NRR/FLO
Joe Sebrosky	NRC/NRR/FLO
Tony Cerne	NRC/Region 1
Doug Coe	NRC/NRR/IQMB
Rich McIntyre	NRC/NRR/IQMB
Jim Lyons	NRC/ACRS/ACNW
Geary S. Mizuno	NRC/OGC/Rulemaking & Fuel Cycle
Russ Bell	NEI
J. Alan Beard	GE Nuclear
Kevin Borton	Exelon Generation
Cal Reid	Bechtel
Charles Brinkman	Westinghouse
Ben George	Southern Nuclear
Gary D. Miller	Dominion
Steve Frantz	Morgan, Lewis, & Bockius LLP
Lara Blevins	Public Citizen
Dave Ritter	Public Citizen
Deann Raleigh	LIS Sciencetech

Enclosure 3
Handouts
for
May 15, 2001 Meeting

- Handouts include:
- NEI Presentation
 - NRC slide presentation
 - SECY-00-0092, "Combined License Review Process"
 - Portion of "Draft Report on the Revised Construction Inspection Program," dated October 1996
 - SECY-94-294, "Construction Inspection and ITAAC Verification"
 - NEI letter dated October 7, 1994, providing comments related to construction inspection and ITAAC verification

The NRC maintains an Agencywide Documents Access and Management System (ADAMS), which provides text and image files of NRC's public documents. The handouts mentioned above may be accessed through the ADAMS system under Accession No. ML011690070. If you do not have access to ADAMS or if there are problems in accessing the handouts located in ADAMS, contact the NRC Public Document Room (PDR) Reference staff at 1-800-397-4209, 301-415-4737 or by e-mail to pdr@nrc.gov.

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